



Position on Renewable Portfolio Standard • May 2008

Legislation has been introduced in both the Senate and the House to promote development of renewable energy. In the House language (HB 5548 & 5549) there is a requirement of a 10% renewable portfolio standard by 2015. This will require about 2,000 megawatts of electricity from renewable energy sources. Today landfill gas-to-energy projects produce about 80 megawatts¹ of renewable energy (or 4% of a 10% RPS). Landfill gas-to-energy is poised for further development to meet Michigan's renewable energy goals.

Granger supports a renewable portfolio standard (RPS) for Michigan that:

1. **Utilize a competitive bidding process for all project development.** An RPS should provide for the development of responsible projects, measurable results, and a reasonable stretch to meet goals. A competitive bidding process based on successful energy output will result in economically sound development. Independent developers can be particularly beneficial in this arena as they provide for quick delivery, low-cost financing, and long-term capability. Development structured under the current House language and absent a competitive bidding process will result in virtually no independent owner/operator development.
2. **Clearly includes landfill gas-to-energy in the definition of renewable energy source.** A broad definition for renewable energy is appropriate to allow for advancing technologies and innovative development. However, legislative language must be explicit in purpose and intent, anything less provides the opportunity for misinterpretation and discretion at the regulatory level.

Granger operates six landfill gas-to-energy projects in Michigan and is actively developing new projects. Viability of such projects will be jeopardized and development of new projects will be at risk if landfill gas-to-energy is not defined as a renewable energy source.

Biomass production, inclusive of landfill gas-to-energy technology, is consistently among the top sources of renewable energy production in the world. It is imperative to include this proven, reliable, cost effective, and readily-available source of energy in the definition of renewable energy.

3. **Establishes the generator as the owner of renewable energy credits (RECs), inclusive of what have become known as PURPA RECs.** A relatively new (mid-90's) market instrument, RECs were created by separating the "attributes" of renewable electricity generation from the physical electricity produced. RECs are a tradable commodity separate from the actual electrons. Identification and accounting for RECs should be based on a national standard.

The Public Utility Regulatory Act of 1978 (PURPA) contracts pre-date the use of RECs and therefore do not address ownership. With the introduction of RPS in a number of states these RECs have value. Granger has contracts that commit RECs from two Michigan projects to compliance elsewhere. To convey ownership to the Michigan electricity provider would create a contractual breach. Generators and providers should be allowed to negotiate the disposition of PURPA RECs permitting legislation to be silent on the issue.

¹ Michigan Capacity Needs Forum (CNF) Report 2007, Environmental Protection Agency (EPA) Landfill Methane Outreach Program (LMOP) reports, Examining Increased Renewable Energy Production from Landfill Gas in Michigan June 2007.